

Comments on SB 644 (Sen. Stamas) Businesses; nonprofit corporations; authorization to restructure municipal health facilities corporations; revise requirements.

Health Policy, Rep. Mike Callton, Chair
DATE: Tuesday, February 16, 2016 TIME: 9:00 AM
PLACE: Room 519, House Office Building, Lansing, MI

From: Mark John Hunter 614 S. 8th Avenue Alpena, MI 49707 989-356-3171 ohio@core.com

I am concerned about the cost to patients increasing due to the concentration of hospitals in systems in our state.

There have been two public meetings by our Alpena county commissioners on the "proposed" transfer of Alpena Regional Medical Center (ARMC) to MidMichigan.

One Alpena County commissioner at the second meeting on the "proposed" ARMC hospital transfer asked "what happens if we do nothing?"

Smith's answer was an example of how he often answers questions. It was that he gave you no reason why things would be worse in three or four years. NO REASON. I could as easily say that we can see that anything, say Panel Processing looks like he will be OK for the next three or four years, but after that, it could be bankrupt. And the seas could part as well.

Good management can keep ARMC running well and improve it for the foreseeable future. Eric Smith gave no reason why MidMichigan would do a better job at adjusting to changing laws on hospital reimbursement. What Smith does again and again is say the future is uncertain, and ARMC, he implies cannot handle an uncertain future; but someone else can. WHY? Yes, the future is always uncertain. it was this way forever. If Eric Smith and other board members see only a negative future for ARMC with them and the current administration running it, then why do they not leave and let new Alpena citizens replace them on the board, and find better management?

Why is Alpena so inadequate to meeting the future? Because we are smaller than Midland? I gave the commissioners four articles on research to show that larger is not always better in health care. But it sounds like things are over, and once ARMC is transferred, we can never get it back. I am disappointed in our commissioners being lead down this path with so little understanding on the solid facts and how these deals have gone according to recent research.

What I see is the usual manipulation of the public. It is a done deal, and the public gets no vote, that was clear after Wednesday afternoon's meeting; UNLESS you and other citizens demand that we be given a vote. The commissioners are ready to let ARMC pass on to the uncertain future of having MidMichigan own it.

Wish the commissioners had put more thought into asking questions. Mary Hess put together a long set of questions. Ron McDonald and Eric Lawson ask several, and Jeff Kowalski asked one. To me the shortage of questions means the decision is made.

The time of the meeting (1 p.m.) was not conducive to a large turnout. The snow birds are gone this time or year. The meeting before hunting season likewise was not at a convenient time of the year.

People go hunting.

Did not like that the resolution to support the bill in Lansing to allow the transfer, was not on the agenda, so people might have a chance to comment on it before commissioners voted for it. Looks like a done deal, when the resolution was written before public comments, and without comments on the resolution itself.

Passing a resolution like that is taken to mean full speed ahead, especially with the way the county attorney talked about moving forward with this. And I expect from the way County Chair Cam Hobermehl said no decision had been made on a public vote, that there will be no public vote on this. It was not in the resolution to have it added to the bill. You can call this an opinion, but ARMC will bring it up if the commissioners go for a public vote.

I have previously spoken about a hospital competitor moving in on the territory. That would have to be approved by the state as necessary. That is unlikely. And would having MidMichigan own ARMC reduce or eliminate a competitor wanting to move in? I do not think that a major system or larger for profit corporation would think twice about it if they want this area.

It was interesting to hear ARMC board chair Eric Smith say that after 3 or four years there could be problems. He does not have a lot of credibility with me based on going to hospital board meetings. But that is my observation and I cannot prove to you that he will exaggerate or only give part of the story on purpose. All I can say is that is my experience. Even so, it would be interesting to know why he thinks ARMC finances will weaken over the next 3 or 4 years, and to evaluate whether it is within a reasonable likelihood.

From the hearing I can give you three examples of ARMC Board chair, Eric Smith not telling the whole story. One was that he made it sound like there had been a professional evaluation of whether ARMC should be independent or not. There was none as far I have ever heard.

Second Eric Smith said that kidney dialysis was better then it has been with the new company. OK, that is very well true for outpatients, but not for inpatients. There is no inpatient dialysis service, so the hospital loses business, because dialysis patients who need operations, or other inpatient stays are transferred to other hospitals.

Third he said that the hospital had not bought doctors offices as part of preparing to sell the hospital. He said that it has become the case that doctors prefer to be part of a hospital's system or otherwise be employees instead of practice owners. On other occasions Eric Smith has said they bought the doctors offices to prevent competitors from doing so. These two ideas are not inconsistent, since if doctors wanted to sell, then there would be more of a risk a competitor would buy them. I have spoken with people who worked at some of these offices, and they will tell you that some of the doctors were pushed to sell and contacted many times by ARMC trying to buy them. They did not all want to become an employee and sell their practices.

I have been so discouraged on getting information, that is one reason I cannot support a transfer of ARMC to MidMichigan. This may be like the quote from Nancy Pelosi, that we need to pass Obamacare to find out what is in it. Answers were better at this meeting than the first, but many answers were generalized or incomplete.

ARMC says that one reason to make the transfer, is there are new regulations coming; but ARMC has dealt with changing regulations for decades. That is part of the nature of running a hospital. What makes anyone think that MidMichigan is better prepared to handle changes in Obamacare, or who knows, Trump-Care, or Bernie-Care?

I oppose the bill for the reasons above; but also there is great difficulty in getting answers and getting straight answers to questions about the "proposed" transfer.

Here are some questions I have sent but received no answer to. If you are able to obtain answers and not just side steps from MidMichigan for me, I would appreciate it.

This is a copy of an email I sent to Mr. Rogers, of MidMichigan Health. He has twice come to Alpena for public meetings and does not always answer the question asked, nor do Alpena Regional Medical Center representatives.

Mr. Rogers,

You did not reply to my previous question about the financing of the transfer of ARMC to MidMichigan. I have studied the possibilities of selling or transferring ARMC for over two years and find nothing to support the transfer. The difficulty in getting answers and information is one red flag to me. The two public meetings are rather controlled situations, where no one says, wait a minute, you did not answer the question. And the one held was given short notice to the public, and the next one is in the afternoon when fewer people can attend.

How will the ARMC debts be financed?
These include the pensions, bonds and millage, and miscellaneous.

Where will the \$70 million to be invested over 5 years come from? Will it come from ARMC revenues? Will MidMichigan subsidize ARMC if local revenues do not cover this amount?

Right now ARMC is able to invest about \$5 million a year. Is the \$7 million MidMichigan is offering an increase to this, or an increase of \$2 million over the %?

Is the \$70 million part of the \$125 million MidMichigan will invest in ARMC?

How will the \$125 million be financed? Will this come from ARMC revenues?
Is MidMichigan independently investing \$125 million in ARMC in addition to ARMC revenues?

If bonds or other finances are raised to cover the \$125 million and \$70 million, will the bonds be paid from ARMC revenues?

If ARMC were paying its full share of MidMichigan overhead in the first year, about how much would that payment be? I realize this would be an estimate, and so a range might be an appropriate answer.

All of the above should have been well studied by your team prior to making an offer, so I am sure answers of good certainty can be given.

I have other questions and comments, but do not want to fill the space with additional questions, if I am not receiving answers. Please respond in writing. Email response preferred.

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